Boyd Coffee CEO brews new approach

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Erik Siemers
Business Journal Staff Writer

Cathy Cheney | Portland Business Journal
One of Jeffrey Newman's first moves as CEO was exiting the spice business.

Since its founding in 1900, the **Boyd Coffee Co.** — easily among Oregon's oldest consumer brands — has been run by someone named Boyd.

First Percival Dewe Boyd, then **Rutherford P. Boyd**, then brothers David and Dick Boyd. Three generations of Boyds.

The weight of family history isn't lost on **Jeffrey Newman**, who for the past 18 months has served as the first non-Boyd CEO of the Portland-based coffee roaster.

Boyd Coffee artifacts adorn his office walls. Fourth-generation Boyds work just down the hall. And in the corner of his office, perpetually staring over his right shoulder, rest two busts of Dick and **David Boyd**, who remain co-chairmen.

"That's kind of my reminder," Newman said. "They have slaved it out here for four decades and I'm the new guy. It's good to have them looking over my shoulder."

While Newman, who joined the company in January 2010 from San Francisco-based specialty foods purveyor Columbus Distributing LLC, is respectful of company history, he's made it clear to the company's 363-person workforce that change is necessary to succeed.

"I would describe us as much more forward looking than backward, said Newman. "They understand that we're going to change and do things better."

Based on the numbers at least, Newman is doing something right.

Privately held Boyd is expected to reach $100 million once its fiscal year concludes in October, a 10 percent increase.

The company derives most of its revenue from selling coffee and coffee equipment to the food service industry, including restaurant chains, hotels and casinos.

In the past few months, Boyd has also made a strong foray into grocery stores, selling branded coffee in New Seasons and, as of last month, QFC.

In addition to groceries, Boyd last week announced plans to effectively trade two Portland retail stores — closing one in the Pearl and another in Southwest Portland's Eliot Tower — for a mobile truck, adorned with images of an early 20th Century Boyd coffee can.

Some changes were more difficult to embrace.

Newman said the company in the past year decided the exit the spice business.

That was a tough one to swallow for a company that traces the spice business back to its days as the Boyd Importing Tea Co.

"It was a big choice and a cultural shift," Newman said. "The perception was it was way, way bigger than it actually was."

But for a product line that included 300 types of spices and required lots of attention, it only produced about 2 percent of the company's annual sales.

Newman's growth strategy centers largely on core products — coffee, tea and related services — and expanding Boyd's business within the food service industry.

The company noted that no single roaster holds more than 5 percent market share in the food service space, creating plenty of opportunity to gain ground.

Most of Boyd's business comes up and down the West Coast, from Seattle to San Diego, and thus far has barely reached east of Chicago. The company has recently grown eastward as some of its customers have expanded, reaching now into Ohio, Georgia and Florida.

One of Boyd's biggest challenges in the past year has been managing the rising price of coffee beans.

A decade ago, the composite price for green coffee beans averaged below 46 cents per pound, according to International Coffee Organization, a London-based trade group.

As of June, the price had risen to $2.15 per pound — a 52 percent increase over the previous June.

Knowing it would have to increase what it charges food service customers for roasted beans, Boyd went on a mission to educate customers.

The company worked to show customers how raising the cost of a 12-ounce cup by 5 cents — a figure most consumers wouldn't blink at — could offset the effect of Boyd's $1 increase for roasted beans. That effort included offering a "profitability calculator" tool to retailers.

“Any time you take that cost to market, you risk market share,” Newman said. “That’s a big deal. We’ve been very outgoing and collaborative with our customers.”

But the fact remains that coffee prices will continue to be one of Boyd’s challenges going forward, said **Bruce Milletto**, CEO of Bellissimo Coffee InfoGroup, a Portland-based coffee industry consulting firm.

In Milletto’s mind, coffee is a commodity that “has been grossly undervalued for a lot of years.”

“We’ve gotten used to having coffee be one of our least expensive beverages available,” Milletto said. “Wine is a great parallel. People go into a restaurant and expect to see $25 bottles of wine and $150 bottles of wine. I think that’s where we’re going in this industry.”

Fast Facts

Boyd Coffee operates a roastery at 19730 N.E. Sandy Blvd. in Portland.

The roastery is open from 8 a.m. to 5 p.m. Monday through Friday and closed weekends.